

SUMMONS - CIVIL

JD-CV-1 Rev. 9-14

C.G.S. §§ 51-346, 51-347, 51-349, 51-350, 52-45a,
52-48, 52-259, P.B. Secs. 3-1 through 3-21, 8-1**STATE OF CONNECTICUT****SUPERIOR COURT**

www.jud.ct.gov

See other side for instructions

TO: Any proper officer; BY AUTHORITY OF THE
STATE OF CONNECTICUT, you are hereby
commanded to make due and legal service of
this Summons and attached Complaint.

- ☐ "X" if amount, legal interest or property in demand, not including interest and costs is less than \$2,500.
- ☒ "X" if amount, legal interest or property in demand, not including interest and costs is \$2,500 or more.
- ☐ "X" if claiming other relief in addition to or in lieu of money or damages.

Address of court clerk where writ and other papers shall be filed (Number, street, town and zip code)
(C.G.S. §§ 51-346, 51-350)

Telephone number of clerk (with area code)

Return Date (Must be a Tuesday)

Superior Court, Hartford JD, 95 Washington St, Hartford CT 06106

(860) 548-2700

July 28, 2015
Month Day Year☒ Judicial District

G.A.

Number:

At (Town in which writ is returnable) (C.G.S. §§ 51-346, 51-349)

Hartford

Case type code (See list on page 2)

Major: T

Minor: 90

For the Plaintiff(s) please enter the appearance of:

Name and address of attorney, law firm or plaintiff if self-represented (Number, street, town and zip code)

Andrew D. O'Toole, Law Offices of Andrew O'Toole LLC, 100 Pearl St, 14th Fl, Hartford, CT 06103

Juris number (to be entered by attorney only)

416111

Telephone number (with area code)

(860) 519-5805

Signature of Plaintiff (If self-represented)

The attorney or law firm appearing for the plaintiff, or the plaintiff if self-represented, agrees to accept papers (service) electronically in this case under Section 10-13 of the Connecticut Practice Book.

☒ Yes ☐ No

Email address for delivery of papers under Section 10-13 (if agreed to)

aotoole@aotlaw.com

Number of Plaintiffs:

Number of Defendants:

☐ Form JD-CV-2 attached for additional parties

Parties	Name (Last, First, Middle Initial) and Address of Each party (Number; Street; P.O. Box; Town; State; Zip; Country, if not USA)	
First Plaintiff	Name: Albert Aviles Address: 6718 Anthony Street, Alexandria, VA 22306	P-01
Additional Plaintiff	Name: Robert Zappulla Address: 945 Wilde Run Court, Roswell, GA 30075	P-02
First Defendant	Name: Paybase LLC Address: 34 E. Dudley Town Rd, Bloomfield, CT 06002 c/o VCorp Serv. LLC, 1811 Silverside Rd, Wilmington, DE 19810	D-01
Additional Defendant	Name: GAW Miners LLC Address: 34 E. Dudley Town Rd, Bloomfield, CT 06002 c/o VCorp. Serv. LLC, 350 Old Main St, Ste 300, Rocky Hill, CT	D-02
Additional Defendant	Name: Address:	D-03
Additional Defendant	Name: Address:	D-04

Notice to Each Defendant

- 1. YOU ARE BEING SUED.** This paper is a Summons in a lawsuit. The complaint attached to these papers states the claims that each plaintiff is making against you in this lawsuit.
- To be notified of further proceedings, you or your attorney must file a form called an "Appearance" with the clerk of the above-named Court at the above Court address on or before the second day after the above Return Date. The Return Date is not a hearing date. You do not have to come to court on the Return Date unless you receive a separate notice telling you to come to court.
- If you or your attorney do not file a written "Appearance" form on time, a judgment may be entered against you by default. The "Appearance" form may be obtained at the Court address above or at www.jud.ct.gov under "Court Forms."
- If you believe that you have insurance that may cover the claim that is being made against you in this lawsuit, you should immediately contact your insurance representative. Other action you may have to take is described in the Connecticut Practice Book which may be found in a superior court law library or on-line at www.jud.ct.gov under "Court Rules."
- If you have questions about the Summons and Complaint, you should talk to an attorney quickly. **The Clerk of Court is not allowed to give advice on legal questions.**

Signed (Sign and "X" proper box)

☒ Commissioner of the
Superior Court
Assistant Clerk

Name of Person Signing at Left

Andrew D. O'Toole

Date signed

07/07/2015

If this Summons is signed by a Clerk:

- The signing has been done so that the Plaintiff(s) will not be denied access to the courts.
- It is the responsibility of the Plaintiff(s) to see that service is made in the manner provided by law.
- The Clerk is not permitted to give any legal advice in connection with any lawsuit.
- The Clerk signing this Summons at the request of the Plaintiff(s) is not responsible in any way for any errors or omissions in the Summons, any allegations contained in the Complaint, or the service of the Summons or Complaint.

I certify I have read and understand the above:

Signed (Self-Represented Plaintiff)

Date

Name and address of person recognized to prosecute in the amount of \$250

Lisa Oriard, 37 Lexington St, West Hartford, CT 06119

Signed (Official taking recognizance) (X proper box)

☒ Commissioner of the
Superior Court
Assistant Clerk

Date

07/07/2015

Docket Number

CV15-5039903

RETURN DATE: JULY 28, 2015

**STATE OF CONNECTICUT
SUPERIOR COURT**

**ALBERT AVILES
and ROBERT ZAPPULLA
Plaintiffs,**

v.

**PAYBASE LLC, and
GAW MINERS LLC**

Defendants.

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J.D. OF HARTFORD

AT HARTFORD

July 7, 2015

COMPLAINT

Albert Aviles and Robert Zappulla, (collectively, “Plaintiffs”) file this complaint against Paybase LLC (“Paybase”) and GAW Miners LLC (“GAW Miners”) (Paybase and GAW Miners are collectively, “Defendants”), and allege and aver the following:

OVERVIEW

1. This lawsuit arises from Paybase and/or GAW Miners’ deceptive business practices and materially false and misleading statements to get Plaintiffs and thousands of others to invest in a non-registered investment scheme or business opportunity by misrepresentations and/or omissions of material facts, and then manipulating the market for Paycoin, a cryptocurrency they created, by making repeated public statements and promises guaranteeing that Paybase and/or GAW Miners would maintain the value of Paycoin at \$20 USD, by trading on their own behalf in Paycoins and using other improper means to otherwise control and or manipulate the volume and value of Paycoins. In addition, on the morning of January 18, 2015, abruptly shutting down Paybase and then wrongfully and unilaterally stealing approximately

38,400 in Paycoins from Plaintiffs' Paybase wallets without Plaintiffs' consent or authorization. Defendants indiscriminately stole thousands of Paycoins from Plaintiffs and others similarly situated, yet allowed other users to retain them or get them back after they complained.

2. Plaintiffs seek to recover their losses resulting from their reliance on Defendants' misrepresentations and wrongful conduct, including, but not limited to, the following: (1) the 90% loss in value of their investment in Hashlets since Defendants' convinced them through various misrepresentations and material omissions to "upgrade" their investment from Hashlets into HashStakers, (2) the loss in value of the Paycoins mined and/or locked-up in their HashStaker wallets, (3) the return of the approximate 38,400 Paycoins stolen from their Paybase wallets on January 18, 2015, as well as all losses due to their inability to transact in those Paycoins, and (4) as well as all other applicable damages and relief permitted under applicable law, including treble damages, interest and their reasonable attorney's fees.

PARTIES

3. Claimant Albert Aviles is an individual who is a resident of the Commonwealth of Virginia.

4. Claimant Robert Zappulla is an individual who is a resident of the State of Georgia.

5. Paybase LLC ("Paybase") is a limited liability company organized under the laws of the State of Delaware. Paybase is not registered to conduct business in Connecticut; however, it conducted business from its offices located at 34 E. Dudley Town Road, Bloomfield, Connecticut and provided this address to various customers and governmental agencies.

6. GAW Miners LLC ("GAW Miners") is a Delaware limited liability company organized under the laws of the State of Delaware and previously maintained its office at 34 E.

Dudley Town Road, Bloomfield, Connecticut. GAW Miners is registered to do business as a foreign entity with the Connecticut Secretary of State.

7. At all times relevant, Homero Joshua Garza (“Josh Garza”) a/k/a “GAWCEO” was the Chief Executive Officer and a member of GAW Miners and/or Paybase.

FACTUAL ALLEGATIONS

8. As set forth below, GAW Miners and/or Paybase, both of which were managed and/or owned by Josh Garza, orchestrated a scheme of offering successive securities, business opportunities and/or products to the market, making inaccurate promises and representations and then trying to get those who initially invested to agree to another security or product based on assurances or guarantees that similarly have proven to be untrue. Most troubling is that Paybase and/or GAW Miners then sought to manipulate the market for Paycoins, the cryptocurrency they created and control, furthermore Paybase and/or GAW Miners wrongfully removed and converted approximately 38,400 in Paycoins from Mr. Aviles and Mr. Zappulla’s Paybase wallets and to date, have refused to return their property and instead have offered different and contradictory reasons to obfuscate their self-dealing and attempts to manipulate the market and price of Hashlets, HashStakers and Paycoins.

9. In the spring of 2014, GAW Miners started to advertise and sell computer hardware manufactured by others to be used to mine cryptocurrency.

10. Cryptocurrency is a digital monetary unit (coin) that uses public key cryptography to secure and perform anti-counterfeiting functions embedded within the currency unit. The best known and largest cryptocurrency by market capitalization and volume is Bitcoin.

11. Mining for cryptocurrency involves the solving of a complex mathematical riddle whereby the first one to successfully solve the riddle successfully receives cryptocurrency.

12. Mining cryptocurrency requires the use of powerful computers with extremely quick processing speeds and expends a significant amount of electricity.

13. Exchanges in cryptocurrency are required to be registered as a money services business with the Financial Crimes Enforcement Network, a bureau of the United States Department of the Treasury.

14. The U.S. Department of Treasury, Internal Revenue Service (IR-Notice 2014-21, March 25, 2014), has issued guidance stating that cryptocurrencies are treated as property for federal income tax purposes.

15. The Chairman of the U.S. Commodities Futures Trading Commission has indicated that cryptocurrency exchanges involve commodities and may be subject to enforcement action for price manipulation.

16. The U.S. Securities and Exchange Commission has filed enforcement actions against companies related to investment offerings in cryptocurrency and cryptocurrency exchanges.

17. On or about June 2014, GAW Miners began to market and accept pre-orders for its own state of the art hardware miner, "Vaultbreaker." Initially GAW Miners announced that Vaultbreaker would run at 500 MH/s speed using 1.5 kW, but later GAW Miners promised that its speed would be increased to 750 MH/s. GAW Miners later also advertised a Mini Vaultbreaker with a speed of 375 MH/s. At the time GAW Miners offered and accepted orders, these speeds were unprecedented.

18. GAW Miners solicited and accepted pre-orders for Vaultbreaker and Mini Vaultbreaker even though no product was available and promised delivery during the third quarter or early fourth quarter of 2014.

19. Based on GAW Miners' representations and warranties, Mr. Aviles ordered a Vaultbreaker by transmitting \$7,000 USD.

20. Based on GAW Miners' representations and warranties, Mr. Zappulla ordered a Mini Vaultbreaker by transmitting \$3,000 USD.

21. Neither Mr. Aviles nor Mr. Zappulla ever received the Vaultbreakers ordered.

22. Upon information and belief, GAW Miners never delivered Vaultbreakers as promised because of purported issues with product development and/or vendor it had engaged.

23. In August 2014, GAW Miners announced and began to offer for sale a new digital cloud mining product, "Hashlets," which would operate via GAW Miners' mining platform.

24. GAW Miners offered to mine on behalf of its customers and offered each Hashlet a fractional share in GAW Miners' own mining profits of Bitcoins and other cryptocurrency.

25. GAW Miners advertised that the Hashlets would participate and receive a proportionate share in its own mining efforts that were to be performed at GAW Miners' centralized datacenter. Hashlets were not mining hardware, but existed within GAW Miners' website (Zencloud). The earnings of Bitcoin were paid to individuals for each kind of Hashlet depending on the pool selected.

26. As advertised by GAW Miners, there were several Hashlets offered, including the "Prime Hashlets" and solo Hashlets. The solo Hashlets would target one of the specific pools offered by GAW Miners, while the Prime Hashlet would be able to change its selected pool.

27. In August 2014, GAW Miners failed to deliver the Vaultbreaker or Mini Vaultbreaker product as promised.

28. Instead, in August and September 2014, GAW Miners and/or Mr. Garza made statements via websites and other social media outlets soliciting and offering those who had paid

for the Vaultbreakers and Vaultbreaker Mini product the opportunity to convert the money already paid into their new virtual miner, Prime Hashlets. GAW Miners and Mr. Garza affirmatively represented that the Prime Hashlets were datacenter optimized, their maintenance costs would be depreciating and that Prime Hashlets would never become obsolete. In other words, GAW Miners guaranteed that they would continuously yield Bitcoins. (As of January 30th 2015, the Prime Hashlets are no longer yielding Bitcoins.)

29. The amount of information disclosed by GAW Miners was woefully inadequate and omitting facts such that the offering was misleading. For instance, GAW Miners did not disclose any information as to its financials, the management of the company, the number of other investors, who had controlling interest in GAW Miners' mining operations or what percentage they would have in the mining operation or their share in GAW Miners' mining profits.

30. Upon information and belief, GAW Miners is not and never had been registered or licensed to offer securities with the SEC and/or the State of Connecticut.

31. GAW Miners did not register the business opportunity with the Banking Commissioner nor provide the disclosures required by the Connecticut Business Opportunity Investment Act, Conn. Gen. Stat. § 36b–60 *et seq.*

32. Mr. Aviles and Mr. Zappulla do not have a net worth in excess of \$1,000,000 USD.

33. In addition, GAW Miners affirmatively and repeatedly stated and represented that GAW Miners would honor a buyback program under which they guaranteed that they would buyback any and all Prime Hashlets at \$40.00 USD. Although GAW Miners initially introduced such program, it soon reneged on its guarantee.

34. Relying on the misrepresentations made by GAW Miners, Mr. Aviles and Mr. Zappulla accepted the Prime Hashlets based on the representations made by GAW Miners and Mr. Garza that their investment would be “ROI’ed” or fully recovered and they would receive a share of GAW Miners’ mining proceeds forever since the Prime Hashlets would always remain profitable and never become obsolete.

35. Mr. Aviles and Mr. Zappulla relied on GAW Miners’ representations and agreed to invest the amount they had paid for mining equipment into Hashlets based on the promises that they would own a fractional share of the yield of GAW Miners’ mining operations.

36. In October 2014, GAW Miners announced that in addition to its mining offering, it intended to introduce a new state of the art cryptocurrency, Paycoins. Paycoins was initially referred to as Hashcoins.

37. Following the announcement of their new cryptocurrency, GAW Miners offered a new payout pool, called Hashpool. Hashpool paid out in the form of Hashpoints instead of Bitcoins, and GAW Miners affirmatively represented that Hashpoints would convert into Paycoins.

38. GAW Miners publicly represented that Hashpoints had a value of \$0.01 per Hashpoint. GAW Miners also represented that 400 Hashpoints would be convertible into 1 Paycoin and 1 Paycoin would be convertible to \$20 USD.

39. Mr. Aviles and Mr. Zappulla relied on GAW Miners’ numerous representations about Hashpoints, Paycoins and their value and agreed to GAW Miners’ solicitation that redirected their investment in Hashlets to Hashpool.

40. GAW Miners also introduced and solicited investment in a new type of proprietary wallet called HashStakers.

41. HashStakers were a new type of wallet offered only on GAW Miners' website, which guaranteed a high rate of return.

42. For the initial six month period, GAW guaranteed a minimum rate of return of approximately 1% per day on all Paycoins deposited into a HashStaker wallet.

43. On or about November 7, 2014, Mr. Garza and/or GAW Miners created and/or organized Paybase. Upon information and belief, Paybase and GAW Miners share overlapping employees, members/investors and at all times relevant here, and were managed and controlled by Mr. Garza.

44. Paybase and GAW Miners represented that Paycoin would improve on existing cryptocurrencies, such as Bitcoin, in two significant ways.

45. Paybase and GAW Miners represented that Paycoins would maintain a "self-stabilizing currency value," stated on numerous occasions that Paybase and/or GAW Miners would maintain a minimum value at \$20 USD per 1 Paycoin (XPY); and guaranteed that transactions would be immutable. For instance, Mr. Garza publicly stated in his postings that the \$20 USD floor should be considered as "an insurance policy" or safety.

46. As initially represented by GAW, Paybase would allow individuals to buy and sell Paycoins directly with (1) other individuals, or (2) Paybase and/or GAW.

47. Within the Paybase website, Paycoins are deposited and maintained in an individual's secure wallet.

48. According to the White Paper published by Paybase, "Public and private keys are used as entries to form a "public ledger," called a "blockchain," in order to prevent simultaneous ownership, or spending of [Paycoins] by one or more individuals."

49. Paybase represented that completed or confirmed transactions would be final instantaneously and no refunds would be permitted under any circumstance.

50. Prior to and subsequent to introducing Paycoins, Paybase and GAW Miners have continuously represented that their product Paycoins solved the inherent flaws of other cryptocurrencies by ensuring transaction immutability and being able process and confirm transactions near-instantaneously or within seconds.

51. GAW Miners solicited and offered those invested in Hashlets the ability to convert or “upgrade” their investment into HashStakers.

52. Relying on the misrepresentations made by GAW Miners, Paybase and/or Mr. Garza, Mr. Aviles and Mr. Zappulla accepted GAW Miners’ solicitation and agreed to convert their investment in Hashlets into HashStakers.

53. Mr. Aviles and Mr. Zappulla also relied on GAW Miners’ representations and agreed to lock up the PayCoins they had received from their Hashlets within their HashStaker wallets. During the time these Paycoins were locked up within the HashStaker wallets, Mr. Aviles and Mr. Zappulla were unable to sell these Paycoins.

54. GAW Miners stated that Prime HashStakers would return their initial investment within six months.

55. Prior and subsequent to the introduction of Paycoins and HashStakers, GAW Miners, Paybase and/or Mr. Garza repeatedly represented that Paycoins would maintain a minimum value of \$20 USD per 1 Paycoin (XPY).

56. Relying on Paybase’s, GAW Miners’ and/or Mr. Garza’s statement and representations as to the quantity and minimum floor value for Paycoins, Mr. Aviles and Mr. Zappulla agreed to accept the offer to convert their Hashlets into HashStakers.

57. At the time they agreed to convert their investment from Hashlets into HashStakers, Prime Hashlets were being sold on the market for \$54 USD or more. The value of Mr. Aviles' Hashlets was therefore no less than \$40,500 USD and the value of Mr. Zappulla's Hashlets was no less than \$26,000 USD.

58. Prior to the initial offering of Paycoins, Paybase and/or GAW Miners offered Paycoins via Paycoin.com for \$20.00 USD per 1 Paycoin (XPY), which was consistent with its public statements and representations that they would guarantee that they would maintain a \$20 USD minimum floor once the market was established. Even as of today, when users withdraw Paycoins from GAW Miners' ZenCloud website, the value of Paycoins is reflected as \$20 USD per 1 Paycoin (XPY).

59. Beginning in mid-December 2014, Hashpoints were converted into Paycoins.

60. On or about December 29, 2014, GAW Miners and/or Paybase permitted access to the Paybase website, which initially only allowed users to buy and sell Paycoin using Bitcoin directly with Paybase and/or GAW Miners. GAW Miners and Mr. Garza represented that the website would provide the best rate for individuals to buy and sell Paycoins,

61. Throughout November and December of 2014 and continuing through January 2015, Mr. Garza, GAW Miners and/or Paybase made statements and representations that GAW Miners and/or Paybase would, if necessary, purchase Paycoins to ensure the \$20 USD floor was maintained and/or to stabilize Paycoins price.

62. Consistent with their repeated assurances, Paybase and/or GAW Miners initially entered the market and bought Paycoins for \$20 USD per 1 Paycoin (XPY), but then stopped.

63. Mr. Garza later attempted to distance himself from his statements guaranteeing the minimum price and GAW Miners' willingness to ensure that price, but his repeated statements and GAW Miners' conduct impacted and manipulated the price and market for Paycoins.

64. On January 12, 2015, Paybase announced the so-called Paycoins Honors Program whereby it again promised to purchase Paycoins at the \$20 USD price beginning on February 2, 2015. The details of the Honors Program were purposefully vague and notwithstanding statements indicating more would be disclosed, GAW Miners and/or Paybase have never fully disclosed the details of the offering. The announcement of the Honors Program impacted the price and volume of the market for Paycoins.

65. On or about January 16, 2015, Paybase added a second feature, which allowed individuals to also buy or sell Paycoins directly with one another in addition to the market where individuals could buy and sell Paycoins directly with Paybase and GAW Miners.

66. Mr. Aviles and Mr. Zappulla each bought and sold Paycoins directly from Paybase or GAW Miners and from other users on the Paybase website.

67. During the early morning of January 18, 2015, the price of Paycoins offered for sale by Paybase and/or GAW Miners in the exchange dropped.

68. During this period of time, Mr. Garza, the "GAWCEO" and Paybase, repeatedly and affirmatively assured the market that even though the price of Paycoins had declined significantly, the market for Paycoins was working as it should and he affirmatively encouraged individuals to purchase Paycoins at the discounted prices.

69. During this time, Mr. Aviles and Mr. Zappulla each purchased Paycoins directly from GAW Miners and/or Paybase for between \$.08-.10 USD per 1 Paycoin (XPY).

70. Mr. Aviles sold a portion of the Paycoins he had acquired, but he had accumulated approximately 29,900 Paycoins in his Paybase wallet.

71. Mr. Zappulla acquired and accumulated approximately 8,500 Paycoins in his Paybase wallet.

72. Mr. Aviles and Mr. Zappulla had received confirmations after each transaction with Paybase and/or GAW Miners had been completed and confirmed.

73. The Paycoins were deposited and accurately reflected in their Paybase wallets and total wallet balances.

74. Thereafter, at some later time during the early morning hours on January 18, 2015, Mr. Aviles, Mr. Zappulla and many others similarly situated individuals were unexpectedly locked out of their Paybase wallets. They were unable to sell their Paycoins even though the price of Paycoins rose to a high of \$3.60 USD per 1 Paycoin (XPY).

75. Before he was locked out, Mr. Aviles confirmed that his Paybase wallet accurately reflected a balance of approximately 29,900 Paycoins. Mr. Zappulla confirmed that his wallet accurately reflected approximately 8,500 Paycoins.

76. Paybase and/or GAW Miners', through Mr. Garza, their CEO, affirmatively stated that there was no problem with the software. Mr. Garza stated that the drop in price was normal and simply the result of normal market pressures due to supply issues.

77. In response to complaints from others similarly locked out, Mr. Garza affirmatively stated that no orders or account balances would be affected or reversed.

78. Mr. Aviles and Mr. Zappulla were initially locked out of their accounts for a couple of hours.

79. Mr. Garza affirmatively represented that those without access would find their account balances would be exactly the same when the system was available again and no transactions would be affected.

80. When they briefly regained access later on January 18, 2015, Mr. Aviles and Mr. Zappulla discovered that Paybase and/or GAW Miners' had stolen the Paycoins they had accumulated when the price had fallen.

81. It appears that GAW Miner's unilaterally deleted certain transactions, which had already been completed. As a result, an arbitrary amount of Bitcoin was reflected within Mr. Aviles and Mr. Zappulla wallet. The value of the Bitcoin that was reflected within their wallets was significantly less than the value of Paycoins stolen from them.

82. Shortly thereafter, Mr. Aviles and Mr. Zappulla were then again locked out of their accounts and remained locked out from January 18, 2015 through January 21, 2015.

83. Although some individuals regained access to their accounts on January 18, 2015, Mr. Aviles and Mr. Zappulla and many others were without access to their Paybase accounts and wallets until January 21, 2015.

84. Mr. Aviles and Mr. Zappulla submitted complaints and requests for support questioning the Paycoins that were wrongfully removed and being locked out, but to date the Paycoins have not been returned.

85. Other select individuals who purchased Paycoins during the period when the price dropped on January 18, 2015 did not have their Paycoins stolen.

86. During the time Mr. Aviles and Mr. Zappulla were locked out their wallet and without their Paycoins on January 18, 2015, the value of Paycoins increased to a high of \$3.60 USD.

87. On January 18, 2015, the market value of the Paycoins stolen from Mr. Aviles reached a value of approximately \$107,000 USD, and the value of the Paycoins taken from Mr. Zappulla reached a value of \$30,600 USD.

88. Paybase and GAW Miners returned Paycoins stolen from certain individual's Paybase wallets after they complained.

89. Paybase and GAW Miners wrongfully converted from Mr. Aviles and Mr. Zappulla's wallet these Paycoins for its own account, use and/or benefit.

90. The conversion of Paycoins from the Paybase wallets of Mr. Aviles and Mr. Zappulla and the others similarly situated decreased the supply of Paycoins and as a result, the price of Paycoins reached \$3.60 USD per 1 Paycoin (XPY) on January 18, 2015.

91. Paybase and GAW Miners, through Mr. Garza and others through whom they released information, wrongfully used their own account or market-making ability to control and/or manipulate the market and value of Paycoins.

92. Paybase and GAW Miners selectively chose which individuals to steal from and left others similarly situated unaffected and allowed themselves or others to profit from their manipulation of the market.

93. In an effort to conceal their wrongful conduct, GAW Miners and/or Paybase locked Mr. Aviles and Mr. Zappulla out of their wallets for three days.

94. The transaction history provided by GAW Miners and/or Paybase to Mr. Aviles differs from the transactions he completed on January 18, 2015.

95. The transaction history provided by GAW Miners and/or Paybase appears to have deleted several transactions such that it indicates Mr. Aviles was able to sell Paycoins that he did

not have and he was permitted to sell Paycoins even though he had none in his account. This is not possible.

96. Mr. Zappulla requested a copy of his transaction history, but has not yet been provided one from GAW Miners and/or Paybase. However, the transaction history he can view suggests similar discrepancies and/or inconsistencies between the amount of Paycoin and Bitcoin within his wallet.

97. Paybase and/or GAW Miners also selectively returned Paycoins to certain individuals' accounts when they complained in furtherance of its attempt to influence and impact the market and conceal their wrongful conduct.

98. The fact that Paybase and/or GAW Miners were the ones who directly sold the Paycoins to Mr. Aviles and Mr. Zappulla and then returned them to their own account for their own use and/or benefit makes their actions wrongful.

99. Paybase and GAW Miners employed these deceptive and unfair means to manipulate or lead the price of Paycoins and influence the investment return on Hashlets and/or HashStakers and manipulate the price of Paycoins.

CAUSES OF ACTION

Count One: Conversion

100. Mr. Aviles and Mr. Zappulla repeat and reallege each and every allegation contained in the above paragraphs No. 1 through 99 as if set forth fully herein.

101. Paybase and GAW Miners were required to maintain the Paycoins in Mr. Aviles and Mr. Zappulla's wallets in trust and Mr. Aviles and Mr. Zappulla are entitled to receive those Paycoins deposited therein.

102. At no time did Paybase and GAW have any right to take the Paycoins within the wallets belonging to Mr. Aviles and Mr. Zappulla.

103. When the Paycoins were converted, Paybase and GAW wrongfully and without permission or authorization took possession of Mr. Aviles' and Mr. Zappulla's property.

104. As a result of Paybase and/or GAW Miners' misconduct, Mr. Aviles and Mr. Zappulla have been harmed and deprived of the Paycoins and the ability to use or sell them.

105. Accordingly, Mr. Aviles and Mr. Zappulla seek return of the Paycoins, as well as monetary damages, along with interest, and any other consequential, incidental, and/or punitive damages resulting from their loss of use of their property.

Count Two: Statutory Civil Theft

106. Mr. Aviles and Mr. Zappulla repeat and reallege each and every allegation contained in the above paragraphs No. 1 through 99 as if set forth fully herein.

107. Paybase and/or GAW Miners were to maintain and safeguard the Paycoins in Mr. Aviles' and Mr. Zappulla's wallets and Mr. Aviles and Mr. Zappulla are entitled to receive those Paycoins.

108. At no time did Paybase and/or GAW Miners have permission to take the Paycoins belonging to Mr. Aviles and Mr. Zappulla out of their wallets.

109. The Paycoins were taken from Mr. Aviles and Mr. Zappulla wrongfully and without their permission or authorization.

110. Paybase and GAW Miners knowingly intended to permanently deprive Mr. Aviles and Mr. Zappulla of the Paycoins and failed to turn them over notwithstanding their repeated demands that they be returned.

111. As a result of Paybase and GAW Miners' misconduct, Mr. Aviles and Mr. Zappulla have been and continue to be deprived of the Paycoins, and have been harmed to the extent they have not been returned and their value appreciated or appreciates during the time they have been without the right to sell them.

112. Accordingly, Mr. Aviles and Mr. Zappulla seek damages, along with interest, and any other consequential, incidental, and/or punitive damages pursuant to Conn. Gen. Stat. § 52-564.

Count Three: Federal and State Securities Violations

113. Mr. Aviles and Mr. Zappulla repeat and reallege each and every allegation contained in the above paragraphs No. 1 through 99 as if set forth fully herein.

114. GAW Miners and/or Paybase offered and sold Mr. Aviles and Mr. Zappulla a security interest in GAW Miners' future mining operation when they acquired Hashlets giving them a fractional share in GAW Miners' own mining of Bitcoin and then HashStakers entitling them to a future interest in Paycoins. GAW Miners made affirmative misleading statements and omitted other material facts when selling or offering these securities.

115. GAW Miners and/or Paybase did not register this offering of a security or security interest in GAW Miners' mining operations in violation of Conn. Gen. Stat. § 36b-6 and Section 12(a) of the Securities Act.

116. GAW Miners and/or Paybase offered and/or sold this security interest in their mining operations by means of rendering untrue statements of material fact and/or omitting to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they are made, not misleading in violation of Section 36b-27, Section 10 of the Securities Act and Rule 10b-5.

117. Mr. Aviles and Mr. Zappulla are entitled to recover the consideration paid for the security interests they acquired in GAW Miners' mining operations, together with applicable interest from the date of payment, costs and reasonable attorneys' fees, and/or other applicable damages.

Count Four: Commodities Exchange Act

118. Mr. Aviles and Mr. Zappulla repeat and reallege each and every allegation contained in the above paragraphs No. 1 through 99 as if set forth fully herein.

119. Paybase and/or GAW Miners attempted and did manipulate the market for Paycoins by making statements and representations about the future minimum \$20 USD floor per Paycoin, announcing, but never formally offering the so-called Honors' program, directly buying and selling in the market, trading Paycoins in their own account or for their own benefit, unilaterally converting Paycoins from Mr. Aviles, Mr. Zappulla and others when the market price dropped. In addition, Paybase and GAW Miners treated other individuals who were similarly situated differently and permitted them to retain Paycoins.

120. Paybase and/or GAW Miners' actions and statements were grossly negligent or intentionally inaccurate and undertaken with the intent to manipulate the price for its Hashlets, HashStakers and/or Paycoins in an attempt to lead their values to where Paybase and GAW Miners wanted their prices to go.

121. Mr. Aviles and Mr. Zappulla agreed to enter into agreements to acquire a future interest in GAW Miners' mining operations and GAW Miners' future payment of Paycoins and/or Bitcoins based on GAW Miners and/or Paybase's misconduct and misrepresentations.

122. Mr. Aviles and Mr. Zappulla are entitled to recover their actual damages pursuant to Section 22 of the Commodities Exchange Act.

Count Five: Negligent Misrepresentation

123. Mr. Aviles and Mr. Zappulla repeat and reallege each and every allegation contained in the above paragraphs No. 1 through 99 as if set forth fully herein.

124. Paybase and/or GAW Miners negligently misrepresented facts and statements about the characteristics of Hashlets, HashStakers and/or Paycoins, including their future return, price, the immutability and finality of transactions and Paybase and/or GAW Miners' guarantee to ensure that Paycoins would maintain a minimum value of \$20.00 USD per 1 Paycoin (XPY).

125. Mr. Aviles and Mr. Zappulla relied on these facts and statements, which were untrue, to their detriment and would not have purchased or invested in Hashlets, HashStakers and/or Paycoins had these statements not been made.

126. Mr. Aviles and Mr. Zappulla seek compensatory damages as a result of the losses they sustained as a result of Paybase and GAW Miners' negligent misrepresentations.

Count Six: Intentional Misrepresentation

127. Mr. Aviles and Mr. Zappulla repeat and reallege each and every allegation contained in the above paragraphs No. 1 through 99 as if set forth fully herein.

128. Paybase and/or GAW Miners intentionally misrepresented certain facts and/or omitted other material statements about the value of Hashlets, Hashstakers and/or Paycoins, including their future return, price, the immutability and finality of transactions, the acceptance of Paycoins by certain national accounts and GAW Miners' and/or Paybase's guarantee to ensure that Paycoins would maintain a \$20 USD minimum for each Paycoin (XPY).

129. Paybase and/or GAW Miners made these misrepresentations in order to induce Mr. Aviles and/or Mr. Zappulla to accept the offer to purchase or invest in Hashlets, HashStakers

and/or Paycoins, to forego the ability to sell them and/or otherwise lull them from taking action when earlier commitments were broken.

130. Mr. Aviles and Mr. Zappulla relied on these misrepresentations to their detriment and would not have purchased or invested had these statements not been made or would have sold their interests in Hashlets and/or Paycoins earlier.

131. Mr. Aviles and Mr. Zappulla seek damages for the losses they sustained as a result of Paybase and/or GAW Miners' intentional misrepresentations.

Count Seven: Unjust Enrichment

132. Mr. Aviles and Mr. Zappulla repeat and reallege each and every allegation contained in the above paragraphs No. 1 through 99 as if set forth fully herein.

133. Paybase and/or GAW Miners have no right or entitlement to benefit from the wrongful conduct and did not provide Mr. Aviles and Mr. Zappulla the fair market value for the Paycoins at the time it was stolen from their wallets.

134. Paybase and/or GAW Miners have been unjustly enriched to the extent they received the Paycoins belonging to Mr. Aviles and Mr. Zappulla and a constructive trust exists.

135. Accordingly, Paybase and/or GAW Miners should be required to turnover the Paycoins that belonged to Mr. Aviles and Mr. Zappulla that they wrongfully took without consent or authorization.

Count Eight: Fraud

136. Mr. Aviles and Mr. Zappulla repeat and reallege each and every allegation contained in the above paragraphs No. 1 through 99 as if set forth fully herein.

137. During the relevant time period, Paybase and GAW Miners intentionally and purposely mislead Mr. Aviles and Mr. Zappulla through their representations and omissions

about the market for Paycoins, the future value of Hashlets, GAW Miners' mining operations and activities, the minimum price for Paycoins and by directly participating in the Paycoin mining and market.

138. Mr. Aviles and Mr. Zappulla relied on the false and misleading information provided by Paybase and/or GAW Miners to their detriment in that they reasonably relied on the information provided to them about the future value, guaranteed returns and minimum price for Hashlets, Hashstakers and Paycoins, and thus continued to invest and purchase additional Paycoins.

139. Paybase and GAW Miners conspired to impact the demand and price for Paycoins in order to conceal and obfuscate their earlier misrepresentations about the investments sold to Mr. Aviles and Mr. Zappulla in GAW Miners' mining operations.

140. Mr. Aviles and Mr. Zappulla seek compensatory and/or consequential damages for the injury proximately caused by the scheme perpetuated by Paybase and/or GAW Miners.

Count Nine: Unfair and Deceptive Trade Practices

141. Mr. Aviles and Mr. Zappulla repeat and reallege each and every allegation contained in the above paragraphs No. 1 through 99 as if set forth fully herein.

142. Paybase and/or GAW are persons engaged in trade or commerce in the State of Connecticut within the meaning of the Connecticut Unfair Trade Practices Act ("CUTPA"), Conn. Gen. Stat. §. 42-110a.

143. The conduct of Paybase and/or GAW Miners described above is immoral, unethical, oppressive, or unscrupulous; offensive to public policy; and/or causes substantial injury to consumers, competitors, or other persons. Based on the foregoing, Paybase and GAW

Miners' conduct constitutes unfair and deceptive acts and practices in the conduct of trade or commerce in violation of Conn. Stat. § 42-110b.

144. As a result of the foregoing, Mr. Aviles and Mr. Zappulla have suffered an ascertainable loss within the meaning of Conn. Gen. Stat. § 42-110g(a), and have suffered, and will continue to suffer, damages in an amount to be determined at a hearing.

145. Paybase and/or GAW Miners' conduct caused harm, resulting in loss or damages to Mr. Aviles and/or Mr. Zappulla.

146. As described above, Paybase and/or GAW Miners engaged in its actions willfully, intentionally, knowingly and their conduct demonstrates calculated, deceitful, and unfair conduct, and reckless indifference to Mr. Aviles' and Mr. Zappulla's rights.

147. The above mentioned tortious conduct constitutes reckless actions by Paybase and/or GAW Miners. Accordingly, Mr. Aviles and Mr. Zappulla are entitled to punitive damages pursuant to Conn. Gen. Stat. § 41-110g(a).

Count Ten: Violation of the Business Opportunity Statute

148. Mr. Aviles and Mr. Zappulla repeat and reallege each and every allegation contained in the above paragraphs No. 1 through 99 as if set forth fully herein.

149. GAW Miners failed to register with the Banking Commissioner before offering Mr. Aviles and Mr. Zappulla Hashlets, HashStakers and/or Paycoins and guaranteeing that they would receive a full return on their investment, they would be profitable and they would yield returns forever.

150. GAW Miners and/or Paybase made false and misleading statements upon which Mr. Aviles and Mr. Zappulla relied.

151. GAW Miners and/or Paybase failed to provide Mr. Aviles and Mr. Zappulla with the disclosures required by the Connecticut Business Opportunity Investment Act, Conn. Gen. Stat. § 36b–60 *et seq.*

152. Any purported contract between Plaintiffs and GAW Miners and/or Paybase relating to the sale of an interest in GAW Miners' mining operations, Hashlets and/or HashStakers is null and void.

153. Mr. Aviles and Mr. Zappulla are entitled to the return of the monies they paid, including the value of the Hashlets at the time they were converted into HashStakers, consequential damages and their reasonable attorney's fees as provided for under the Connecticut Business Opportunity Investment Act, Conn. Gen. Stat. § 36b–60 *et seq.*

REQUEST FOR RELIEF

WHEREFORE, Mr. Aviles and Mr. Zappulla pray that judgment enter in their favor and hereby seeks or claims:

1. An order finding that any and all user agreements, including any purported restrictions therein, including, but not limited to, the ability to seek class relief, any purported limits on remedies or damages and conflicts with applicable law, are null and void, unconscionable and/or otherwise unenforceable;

2. An order requiring Paybase and GAW Miners to immediately return the Paycoins they stole on January 18, 2015; and


3. Awarding Plaintiffs monetary damages, including the loss in value of their Hashlets at the time they were converted into HashStakers, the loss in value of the Paycoins locked up within their HashStaker wallets, and any interest, compensatory damages, exemplary damages, treble damages, and/or punitive damages, as permitted by law;

4. Awarding reasonable attorneys' fees and costs;
5. Awarding prejudgment and post-judgment interest as allowed by law, taxable costs of court; and/or
6. Awarding any and all such other and further relief deemed appropriate or otherwise permitted under applicable law or rules.

PLAINTIFFS,

ALBERT AVILES AND ROBERT ZAPPULLA

Hartford, CT
July 7, 2015

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Counsel for Plaintiffs

SUPERIOR COURT

J.D. OF HARTFORD

AT HARTFORD

July 7, 2015

AD DAMNUM

PLAINTIFFS,

ALBERT AVILES AND ROBERT ZAPPULLA

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